Kadmon® PHARMACEUTICALS, LLC

Office of the Vermont Attorney
General 109 State Street
Montpelier, VT 05609

Re: New High-Cost Prescription Drugs Reporting

Dear Office of the Vermont Attorney General,

In compliance with 18 V.S.A. § 4637(c), Kadmon Pharmaceuticals LLC ("Kadmon") hereby provides to the State of Vermont certain follow-up drug information for REZUROCK™:

(1) a description of the marketing and pricing plans used in the launch of the new drug in the United States and internationally;

- Kadmon announced the product's approval and also made available, through healthcare professionals, patient savings and support programs, which includes co-pay savings for eligible commercial patients. Marketing initiatives include print and digital media, engagement at scientific meetings and speaker events attended by HCPs most likely to manage patients with chronic graft-versus-host disease (cGVHD), materials to be used by sales representatives to share information on REZUROCKTM with prescribers, and materials to educate patients about cGVHD. Pricing methodology is based on cost (including development and manufacturing costs) and the market (including the current number of branded and generic competitors and the number of competitors expected to enter the market). Kadmon established its WAC price at $15,500 for a 30-count bottle of REZUROCKTM (belumosudil) tablets based on, amongst other factors, its unique clinical value and the pricing of other branded products for the same disease. At the same time, Kadmon set its WAC at a level it hopes will enable it, among other things, to i) recoup the significant costs it incurred in evaluating the economic and intellectual property landscape

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surrounding a prospective product, sponsoring the clinical trials, sourcing the active pharmaceutical ingredient (API), sourcing excipients, conducting R&D to achieve the acceptable formulation of the product, conducting biostudies, conducting stability studies, developing analytical methods, paying facility fees, submitting the NDA and responding to FDA inquiries; ii) cover its manufacturing costs; iii) cover distribution costs; iv) provide discounts and fund chargebacks as required by partners in the supply chain, including the cost for copay assistance and free drug programs for patients; and v) earn a reasonable return on investment for its shareholders.

(2) the estimated volume of patients who may be prescribed the drug;

- The monthly prevalence of cGVHD patients is believed to be approximately 5,000 patients. The expectation is for our product to be prescribed to a portion of these patients. Reference: Source Healthcare Analytics - PrescriberSource APLD 2019.

(3) whether the drug was granted breakthrough therapy designation or priority review by the FDA prior to final approval; and

- Yes.

(4) the date and price of acquisition if the drug was not developed by the manufacturer.

- NA

Regards,

Gregory S. Moss
EVP, General Counsel and Corporate Secretary
Chief Compliance Officer

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